do not want to undermine the financial viability of U.S. mining. Our modern, high-tech economy continues to depend on minerals, and this is the importance of making sure that we have a hardrock mining industry that is strong and able to supply all of these minerals.

I commend Chairman RAHALL for his work. I commend Chairman COSTA for crafting a new mining law that reflects modern values, as well as goals that benefit taxpayers, the public lands, as well as the mining industry.

This is an important piece of legislation, long overdue; and I encourage Members on both sides of the aisle to support it.

Mr. SESSIONS. Mr. Speaker, you know, we hear it here again, every single member of the new Democrat majority talking about their desire to tax, a new tax of 8 percent on this industry which has been described as the final death nail which will disseminate the remnants of an already sadly diminished domestic mining industry, and here we go, tax them at 8 percent, put the death nail in.

Mr. Speaker, I yield 5 minutes to the gentleman from Nevada (Mr. HELLER).

□ 1045

Mr. HELLER of Nevada. Mr. Speaker, I rise today in opposition to the rule for H.R. 2262.

The State of Nevada is the fourth largest gold producer in the world, ranking behind South Africa, Australia and China.

But this bill is bad for Nevada, bad for this important industry, and bad for the families that I represent. Who here doesn't think that China wouldn't love to immediately see these jobs moved overseas? Who doesn't think that South Africa would like to see these foreign investments moved to their country, and who here in these Chambers doesn't think that Australia would love to see mineral exploration move from the United States to their country?

This legislation hurts, perhaps even kills, the domestic mining industry and, with it, the towns and communities in northern Nevada and western rural America.

The proposed royalty structure, this new tax, would levy a new 8 percent gross royalty payment to this industry, all this despite the fact that not one witness testified before the House Natural Resources Committee in favor of it. Let me repeat that. Not one witness came before the committee to testify in favor of it.

This untried, untested, new tax would hardly bring funds to the Federal Treasury, because when mining communities are decimated, there will be no royalties to collect. Everybody knows that 8 percent of nothing is still nothing.

I offered an amendment at the Rules Committee that was ruled out of order because of fuzzy math that my colleagues used to enforce PAYGO. That amendment replaced the 8 percent gross royalty tax with a more modest 5 percent net proceeds of royalty. This amendment is good for three reasons.

First, the net proceeds system is modeled after Nevada's proven and successful program. Why reinvent the wheel and ignore a model that encourages production rather than jeopardizes it?

Second, a net proceeds system provides flexibility for the mining operation when commodity prices are down. This protects the good jobs in rural communities like Elko, Eureka, Lander, Humboldt, White Pine and other counties in Nevada.

Third, my amendment would help prevent significant revenue and job losses for States. Their proposed 8 percent gross royalty, this new tax, will cripple States like California, Nevada, Arizona, Colorado, New Mexico, in addition to exporting our jobs overseas.

But somehow, CBO scoring my amendment at zero somehow runs afoul of PAYGO rules. The majority party seems to want to waive this in every other circumstance.

This bill, this rule, is simply bad policy, unless you want the mining industry to suffer. If passed into law, the effect will be to hurt the mining industry in the same way we have hurt the automobile industry, the same way we have hurt the steel industry, the same way we have hurt the seafood industry in coastal regions or, perhaps, the textile operations in the Southeast.

I urge my colleagues to oppose destroying State budgets, oppose job loss in rural communities, and oppose the decimation of our domestic mining industries.

Oppose the rule on H.R. 2262.

Ms. MATSUI. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. COSTA).

Mr. COSTA. Mr. Speaker, having, as I said, held extensive hearings on this issue over the last 10 months, I think it's important that we respond to the comments that were made from my good friend, the gentleman from Nevada.

We did have witnesses who testified on the issue of royalty. We had several witnesses that indicated that an 8 percent royalty would not be unreasonable, some even said perhaps too low.

Taxpayers for Common Sense actually urged a higher rate. James Otto, a royalty consultant to governments around the world, stated that he would normally counsel a country to impose a gross royalty of between 2 and 5 percent. However, he did say that a proposed 8 percent might not necessarily be too high. Why? Because a depletion allowance, depletion allowance, which is a tax break, enjoyed by the hardrock mining industry in the United States is significant.

Mr. Otto pointed out that the depletion allowance works like a negative royalty. Perhaps only four countries in the world offer such a lucrative tax break, in this case, to our mining industry. This would be offset by a potential 8 percent.

A Congressional Research Service witness indicated that royalties for oil and gas and coal operators in the United States, and we want to keep these oil and gas and coal operators doing their good work, is 8 percent and more in some cases. Therefore, the fact that no royalty is charged, I think, needs to be taken into account. After all, these are public lands. No one wants to put the hardrock mining industry out of business. Nevada does a wonderful job, and we want to keep all those operations that are good stewards of the land in business.

This is fair, it's equitable, and it's what's taking place in other countries. I think it's important that we note that.

Mr. SESSIONS. Mr. Speaker, day after day we come down to the floor and we hear about all the new taxes, all the new rules and regulations, all the things that have to take place by this new Democrat majority, but I think we fail to recognize that what happens is that when you tax something, you get less of it. When you put more rules and regulations on something, less good things happen.

In this case, we are going to have an 8 percent tax on the industry; 4 percent tax on the new operations, 4 percent tax on the existing operations. The overwhelming indication that we have is that it will make us look more like Europe, and we are told that's a good thing, I guess.

The bottom line is that we spend a lot of time gnashing our teeth together trying to talk about jobs in country. Just yesterday, the Rules Committee, after we had done this bill, we had a trade adjustment assistance bill. We tried to bend over backwards, which some of it I do support, trying to make sure that those workers who have lost their jobs as a result of world competition in trade and manufacturing, that we do all we can do to help these employees who lost their job.

Yet the very next bill is this bill that literally will decimate workers' jobs in the West. I am sure what we will do is in a few years we will come back and say, oh, my gosh, we just can't compete. Let's now give them what we just did yesterday, trade adjustment assistance. It just keeps going on and on and on.

I suggested yesterday, will suggest today, let's not tax this. Let's not tax this industry for the benefit of the government. Let's let the industry be healthy. Let's let the industry compete globally. Let's let this industry provide those necessary and needed resources, precious metals and precious resources to the development and the benefit of the United States of America, including our United States military.

Let's not tax this at 8 percent so that we allow manufacturing not to have to go overseas to get those precious, hard metal products that they need to ensure that manufacturing is taken care